GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:1971
ANSWERED ON:29.11.2007
ILLEGAL OIL BUSINESS BY OIL MAFIAS IN THE COUNTRY
Singh Shri Uday

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Government is aware that oil mafia has virtually captured fuel business in various States;

(b) if so, the facts and details thereof;

(c) whether the mafias are having link with the officials of oil companies and selling adulterated fuels openly;

(d) if so, the facts and details thereof; and

(e) the steps taken by the Government to check such illegal business?

Answer

MINISTER OF PETROLEUM & NATURAL GAS (SHRI MURLI DEORA)

(a) to (d): The possibility of adulteration of petrol/diesel by some unscrupulous elements cannot be ruled out due to huge price difference between petrol/diesel and various adulterants available in the market and the easy miscibility of these products with petrol/diesel. With a view to assessing the genuine demand requirement of SKO in different States/UTs, the Government commissioned in December 2004 a study through the National Council for Applied Economic Research (NCAER). NCAER in its report, submitted in October 2005, has estimated the total leakage/diversion of SKO meant for distribution under PDS at 38.6% of total sale of PDS SKO in 2004.

The Public Sector Oil Marketing Companies (OMCs) have reported that they have no established case of involvement of their officers in adulteration cases. However, there are provisions under the Conduct Rules as also the Marketing Discipline Guidelines (MDG), 2005 to take action against officers found involved in irregularities/malpractices, including adulteration.

(e): To check adulteration in auto fuels and diversion of PDS Kerosene, Government has asked OMCs to take various steps to contain the menace of adulteration:-

(i) Under the Control Orders issued by the Government to prevent fuel adulteration, under the Essential Commodities Act, 1955, State Governments are empowered to take action against those indulging in adulteration. Government have requested the State Governments/ Union Territory Administrations to take steps to control adulteration.

(ii) OMCs undertake regular and surprise inspections of Retail Outlets and also take action under Marketing Discipline Guidelines (MDG) and Dealership Agreements against those indulging in adulteration and malpractices. MDG provide for termination of dealership in cases of adulteration being established.

(iii) Government has taken the initiatives to expedite the installation of Global Positioning System (GPS) to monitor the movement of tank trucks.

(iv) OMCs have introduced new tamper proof tank-truck locking systems to prevent en-route adulteration by transporters.

(v) Keeping in view the misuse/diversion of SKO for adulteration, the import of SKO by private parties has been canalized through OMCs.

(vi) As advised by the Government, Oil Marketing Companies (OMCs) have created a separate wing to report to a Director other than Director (Marketing), which will oversee and monitor all activities and operations to curb adulteration and specify norms and guidelines in this regard.

In order to check adulteration the Government has recently taken a number of additional initiatives which are annexed.

NO 1971 FOR ANSWER ON 29 NOVEMBER 2007 DETAILS OF NEW INITIATIVES TAKEN TO CHECK ADULTERATION OF PETROL/DIESEL AND STREAMLINING PDS KEROSENE DISTRIBUTION

Checking adulteration is a continuous process and the Ministry of Petroleum & Natural Gas has been reviewing steps taken to curb

adulteration from time to time. In the process, several technological and institutional measures have been taken to contain adulteration. The recent steps taken by the Ministry are summarized below:

1. Automation of Retail Outlets: In order to monitor the activities at retail outlets by adopting the latest technological improvements, automation of retail outlets is being implemented. MOP&NG has directed the oil marketing companies to complete automation of retail outlets selling more than 200 KL per month.

2. Third Party Certification of Retail Outlets: OMCs have been directed to complete third party certification of all the retail outlets selling more than 100 KL per month.

3. Monitoring of movement of Tank Trucks through Global Positioning System(GPS): In order to prevent adulteration during transportation, OMCs have been directed to install GPS for complete monitoring of the movement of all the company owned/dealer owned/contractor owned tank trucks.

4. Marker System in Kerosene: To check adulteration in auto fuels, Government has asked public sector Oil Marketing Companies (OMCs) to take various steps, including introduction of marker in adulterants. OMCs have commenced introduction of marker in kerosene on all India basis with effect from 1.10.2006. Under the new system, Marker is being put in kerosene in all depots. This system heralds the introduction of world class technology to curb and eventually eliminate the menace of adulteration of transportation fuels along the supply chain. With the marker's presence, adulteration even with very low levels of kerosene can be detected. MS/HSD Control Order, 2005, SKO Control Order, 1993 and MDG 2005 have been amended for making provision regarding introduction of marker system in Kerosene to check adulteration. A committee has been set up in the Ministry to monitor the progress of the marker system. Oil Marketing Companies in the Private sector have also been simultaneously asked to.

5. Revising the Marketing Discipline Guidelines: The Marketing Discipline Guidelines(MDG) under which the oil marketing companies take penal actions against the erring dealers have been revised during August 2005 making the penal actions more stringent. As per MDG, 2005, a dealership would be terminated in the first instance of adulteration itself.

6. Jan Kerosene Pariyojna: To streamline the PDS Kerosene distribution system and contain diversion of kerosene for adulteration and other unauthorized usages, Jan Kerosene Pariyojna (JKP) had been launched initially for a period of 6 months on a pilot basis in 414 blocks with effect from 2.10.2005. The Pilot scheme has been further extended upto 31.12.2007.

7. Smart Card Scheme: With the objective of ensuring that the benefit of the subsidy reaches the targeted consumers in an efficient and cost-effective manner and to prevent any leakages, this Ministry has proposed introduction of Smart Card System for distribution of PDS kerosene. The scheme is proposed to be introduced initially on an experimental basis. In the Pilot project, subsidized kerosene through Smart Card is proposed to be available to BPL families while all other ration card holders would be given non-subsidized kerosene. Oil Marketing Companies (OMCs) would ensure adequate availability of PDS as well as non-subsidized kerosene during the entire period of implementation of the Pilot.